

**SHASTA-TRINITY SCHOOLS INSURANCE GROUP
BOARD OF DIRECTORS MEETING MINUTES**

April 21, 2006

Best Western Hilltop Inn

ATTENDANCE

Members Present:

President, Jim French, Trinity County Office of Education
Vice-President, Donna Heller, Columbia Elementary School District,
Black Butte Elementary School District
Treasurer, Karen Maloney, Shasta County Office of Education
Patricia Demo, Shasta College
Cathy Campbell, Gateway Unified School District
RoseAnn Adams, French Gulch-Whiskeytown Elementary School District, Igo Ono-
Platina Union Elementary School District, Shasta Union Elementary School District &
Redding Elementary School District
Harley North, Evergreen Union School District
Art Schmitt, Shasta Union High School District
Adam Hillman, Enterprise Elementary School District
Dale Hansen, Cottonwood Union Elementary School District
Laura Merrick, Cottonwood Union Elementary School District
Tom Mancuso, Anderson Union High School District
Randy Palomino, Anderson Union High School District
Donna Paxson, Fall River Jt. Unified School District
Kelly Price, Grant Elementary School District
Donna Hlavac, Mountain Valley Unified School District
Linda Kinsinger, Shasta-Trinity ROP
Mike Grady, Mountain Union and Indian Springs Elementary School Districts
Biff Barnes, North Cow Creek Elementary School District
Rich Rhodes, Pacheco Union Elementary School District
John Almond, Cascade Union Elementary School District
Mindy Whitman, Junction Elementary School District

Ex-Officio:

Patrick Casey, Executive Consultant

Staff:

DeDe Davis, Benefits Administrator

Others Present:

See Attendance Sheet

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1.0 **CALL TO ORDER** – The meeting was called to order at 9:08 a.m. by President, Jim French followed by the Flag Salute.

2.0 **APPROVAL OF AGENDA** – A motion was made by Harley North, Evergreen and seconded by Patricia Demo, Shasta College. The motion was approved unanimously.

3.0 **APPROVAL OF MINUTES** – The minutes of December 9, 2005 meeting were presented for approval. It was moved by Cathy Campbell, Gateway seconded by Patricia Demo, Shasta College and unanimously approved to accept the minutes as presented.

4.0 **PUBLIC COMMENTS**-None

5.0 **CORRESPONDENCE/EXECUTIVE COMMITTEE/EXECUTIVE CONSULTANT COMMENTS**
There was no correspondence.

6.0 GENERAL BUSINESS

6.1 Financial Reports through March 2006 - Pat Casey reviewed the Financial Reports provided in the Board Packets and noted that everything looks very good.

6.2 Quarterly Investment Report – The Quarterly Investment Report for the 2nd quarter was included in the Packet. Pat Casey reviewed the investment returns and commented that the JPA is accumulating an increase in cash and moving up in interest rates.

6.3 Final revised 2005-06 and 2006-07 Preliminary Budget – The Final Revised Budget for 2005-06 and the Preliminary Budget for 2006-07 were presented for approval. Pat Casey reviewed the information provided in the Board Packets. A rate decrease was built into the Workers' Compensation budget. The budget for Medical would include a request for additional staff hours. This would be approximately \$33,000 to add the extra position. Karen Maloney inquired about the Self-Insured Medical budget. This item was tabled until a decision is made regarding the JPA's direction for the 2006-07 Plan Year. A motion was made by Art Schmitt, SUHSD and seconded by Harley North, Evergreen to approve the budget as presented. This motion was carried unanimously by the Board.

6.4 Annual COLA for Benefits Administrator- An annual COLA increase of 5.18% based on the State Revenue

Limit was requested for approval to be effective 7-1-06. Art Schmitt, SUHSD noted that the COLA approved by the State may change and recommended that the COLA to be effective 7-1-06 be the amount that the State approves. A motion was made by Patricia Demo, Shasta College to approve the Benefits Administrator annual COLA at the rate the State approves to be effective 7-1-06. The motion was seconded by Harley North, Evergreen and carried unanimously by the Board.

7.0 **WORKERS' COMPENSATION PROGRAM**

7.1 **Self-Insured Program-Claims Prior to July 1, 1995 -**

7.1.1 Preliminary Declaration of Expected Dividend for 2003-04 and 2004-05 Plan Years – Pat Casey discussed the original Action Plan and the Deficit repayments. Pat recommended that a dividend be declared but not distributed. Pat recommended that this dividend for the 2003-04 and 2004-05 years be used to pay off the Deficit. The amount to be declared as a dividend and transferred to the Old Workers' Compensation Account would be \$432,053.00. Harley North, Evergreen moved to accept the declaration of a dividend as presented by Pat Casey. Patricia Demo, Shasta College seconded the motion and it was unanimously approved by the Board.

Self-Insured Program-Claims after July 1, 2003

7.1.2 Approve Deficit and Surcharge Recommendation – A motion was made by Harley North, Evergreen to use the declared dividend to pay the Deficit as recommended by Pat Casey in Item 7.1.1. The motion was seconded by Patricia Demo, Shasta College and carried unanimously by the Board. Pat Casey recommended that if there is any remaining balance it would be held and distributed at a later date.

8.0 **HEALTH BENEFITS PROGRAMS**

8.1 **Blue Cross of California**

8.1.1 Cost Trend for Medical & Prescription – Lori Hauser, Blue Cross reviewed the current trend for Medical and Prescriptions. The trend Blue Cross is using is an 11.7% trend to 15 months which equals 13.79%.

8.1.2 Blue Cross Renewal Calculation – The proposed renewal calculation would be 13.7% without taking steps to reduce the increase.

8.1.3 Blue Shield Calculation – Fully Insured – Pat Casey explained that Blue Shield was unable to meet the copays that we currently have because of the Department of Insurance. There is no acceptable quote from Blue Shield at this time.

8.1.4 Options for Self-Insurance using Blue Cross or Blue Shield PPO Network – Borden Darm, Mercer reviewed a Self-Funded presentation. Borden noted that an 8.2% increase would cover costs exactly as projected. A renewal increase of 9.7 would allow a reserve if any adverse claims come in. Most Self-Funded Groups try to keep a three month reserve ahead. Borden recommended the Excess coverage Included specific stop loss as well as aggregate stop loss coverage. Pat Casey asked Blue Cross to report to us our results of claims run-out. Borden explained that this would include incurred but not reported amounts. Pat Casey discussed the option of moving the dividend from Dental and Vision as a deferral to use as a reserve in the Medical Self-Funded Program. Rich Rhodes, Pacheco inquired about a five year forecast to project the trend. Pat Casey noted that we have looked at three years and feel comfortable. Lori Hauser, Blue Cross answered questions regarding red flags for costs in this JPA. Borden Darm, Mercer cautioned that if the JPA did decide to move to a Self-Funded Program the importance of districts paying their premiums on time.

8.1.41. Retirees on Part D – Pat Casey discussed the options for continuing retirees under the Part D coverage under a Self-Funded model. Borden Darm addressed the government subsidy that would be moving to the JPA if we continued to cover the eligible retirees on the Part D Prescription Drug coverage.

8.1.5 Rate Increase and Insurance Model Recommendation -

Karen Maloney, SCOE moved to Self-Fund the Medical Program at a 9.7% increase with a \$175,000 Excess Policy as recommended by Borden Darm. Patricia Demo, Shasta College seconded the motion with the understanding that there would be no change in the current plans. The

motion

was approved with 20 Ayes and No Opposed.

8.2 **Dental Program –**

8.2.1 Pat Casey recommended that there be no increase in rates for the 2006-07 Plan Year.

He also recommended that the declared dividend be moved to the Self-Funded Medical Program for one Year. Harley North, Evergreen inquired as to the possibility of using Workers' Compensation reserves to fund Medical in an emergency. Pat Casey recommended that Dental and Vision dividends be utilized with the ability to declare the dividend in one year. Patricia Demo, Shasta College moved that the Dental

and Vision dividend be deferred and used to fund reserves for the new Self-Funded Medical Program and be declared a dividend in the future. The motion was unanimously approved by the Board.

- 8.2.2 Accept Member District into Dental Program - Douglas City Elementary School District had requested admission into the JPA Dental Program as they are current members of the JPA. Pat Casey recommended that the JPA accept Douglas City's request. Harley North, Evergreen moved to accept Douglas City into the Dental Program. The motion was seconded by RoseAnn Adams and carried unanimously by the

Board.

8.3 Vision Program –

- 8.3.1 Declaration of Dividend – RoseAnn Adams moved that the Vision dividend be moved to the Self-Funded Medical Program to help fund reserves. The motion was seconded by Rich Rhodes, Pacheco and carried unanimously by the Board.

9.0 Consent Agenda -

- 9.1 Designate Official Correspondence Address and Phone Number for the Shasta-Trinity Schools Insurance Group
- 9.2 Approve Calendar of Meetings for Board of Directors and Executive Committee
- 9.3 Designate Official Representatives and Alternates to the Board of Directors
- 9.4 Annual Review and Adoption of Investment Policy
- 9.5 Approve 2004/05 Audit by Matson and Isom
- 9.6 Approve Financial Audit Contract
- 9.7 Approve Contract Renewal with LWP Claims Solutions, Inc.
- 9.8 Approve Contract Renewal with InterWest Insurance
- 9.9 Approve Workers' Compensation Rate for 2006/07 Plan Year at 2.53%

A motion was made by RoseAnn Adams, Redding and seconded by Art Schmitt, SUHSD to approve the Consent Agenda. The motion was approved unanimously by the Board.

- 10.0 ADJOURNMENT - There** being no further business the meeting was adjourned at approximately 11:00 a.m.

Respectfully submitted,

DeDe Davis
Benefits Administrator

Patrick H. Casey, Executive Consultant
Shasta-Trinity Schools Insurance Group

James French, President
Shasta-Trinity Schools Insurance Group